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1 P R O C E E D I N G S

2 ADM ALLEN: It's great to be here today.

3 A few months ago I met with maritime
4 executives in Houston at a very open, unscripted,
5 two-hour session talking about the current challenges
6 facing the Coast Guard in the marine safety mission
7 area. And one of the people in the room said, "you
8 know, it used to be when we dealt with the Coast Guard
9 it's like we're sitting in our living room talking to
10 each other, and now it feels like we're no longer in
11 the living room."

12 Welcome to the living room.

13 (Laughter.)

14 ADM ALLEN: I'm going to take some time
15 today to go over our current challenges. I think you
16 kind of need to understand where I see us going, where
17 we've been, some historical perspective.

18 My doctrinal belief is that stewardship,
19 security and safety are not severable, they are
20 interwoven in our mission mix, and the country is not
21 well served by separating them. The fact of the
22 matter is industry is growing and the Coast Guard

1 needs to grow with it. And industry has to have a
2 voice in how we do that.

3 Our association with the maritime industry
4 goes back many, many years but really started formally
5 coming together in 1938 when the U.S. Maritime Service
6 was transferred to the Coast Guard to make war
7 preparations.

8 I think it's often lost that there were over
9 1,500 merchant vessels sunk in World War II, 9,000
10 lives given by the maritime community in the defense
11 of this country. The long enduring association with
12 the Merchant Marine has been critical to the Coast
13 Guard's success. And I might add just as one little
14 note we finally figured out a way to beat the Merchant
15 Marine Academy this year.

16 (Laughter.)

17 ADM ALLEN: I've never seen Secretary
18 Chertoff so happy. As you know, the transfer of the
19 Bureau of Marine Inspection and Navigation during the
20 war kind of completed the portfolio that we have today
21 in our dealings with the maritime community.

22 Given the challenges that we're facing right

1 now I thought it might be interesting to take a look
2 at how you really pull something together that
3 indicates the value of stewardship, security and
4 safety being resident in the same agency.

5 And so I brought along a picture in the back
6 of the room there. I'm sure many of you know it.
7 It's the car carrier COUGAR ACE. It's not an optical
8 illusion or a doctored photo. That is a 654-foot
9 vessel listing a full 90 degrees.

10 This is a case from earlier in the year,
11 took place about 230 miles south of the Aleutian
12 Islands. It's hard to believe it, but the vessel was
13 righted, none of the crew was lost. It is a great
14 illustration of the remarkable coordination of the
15 different types of skill sets that have to come into
16 play and the unity of effort between the federal
17 government and the maritime industry.

18 But the picture is probably more instructive
19 for what it doesn't show. Those are the non-events,
20 the non-Search and Rescue cases, the non-sinking, the
21 non-pollution, the non-legal issues associated with
22 all of that. This is what happens when you're able to

1 bring to bear all of the elements of subject matter
2 expertise during an event to protect, mitigate and
3 respond.

4 We had a similar case with a grounded
5 passenger vessel near Juneau, the EMPRESS OF THE
6 NORTH, which was successfully freed again with the
7 same non-events occurring.

8 There are reasons why this happens. One is
9 the organizational structure of the Coast Guard. The
10 second is our partnership with industry. We have
11 better technology to assist us, including the
12 technical support where stability is so critical in
13 working a case like this and better coordination and
14 unity of effort at the port level.

15 And not since World War II have we seen this
16 kind of unity that's been going on in this country
17 since 9/11 and since the new challenges of security
18 that have been brought to us.

19 That said, we've got a full plate. We've
20 got a lot of legislative mandates that have been
21 issued to us since 9/11 and after several
22 conversations with Chairman Oberstar and members of

1 the committee and Chairman Cummings I decided that
2 before we did anything in the Coast Guard, we should
3 get an independent look by somebody that was
4 knowledgeable in the industry to come in and tell me
5 something that I always demand from my subordinates.
6 That's the ability to speak truth to power.

7 Many of you know now retired VADM Jim Card,
8 our former Vice Commandant, and former head of the
9 Marine Safety Office of the Coast Guard. He has been
10 out and about for about two-and-a-half months in the
11 country conducting interviews, all of them without
12 attribution.

13 I got a brief out on his work last week. He
14 will be providing us with written findings. Those
15 will be made public in keeping with my policy of
16 transparency about what goes on in our organization.

17 He told me to look at six things. I'll pass
18 them on to you right now because I'm going to tell you
19 what we're going to do about it.

20 We need to focus on better strategy. We
21 need to get the Coast Guard leadership involved. We
22 need to focus on our people, their qualifications,

1 their skills and their assignments. We need to
2 understand the implications of current policy, how to
3 better implement policy, a lot of issues associated
4 with rule making, look at customer focus and the
5 organizational structure of the Coast Guard; and I
6 agree with all of those.

7 He also said, "you need to understand the
8 industry is not the industry that was present when I
9 was Chief of Marine Safety and the Vice Commandant."
10 The ships are bigger. They're more technically
11 complex; there are more safety features. These
12 offshore systems we're dealing with right now are
13 really pushing the envelope regarding technology and
14 operating areas.

15 Your business is tougher. Margins are
16 tighter. The ships and offshore systems are using
17 technology not addressed in many cases by the current
18 regulatory schemes and the regulatory scheme worldwide
19 is tougher and getting tougher, especially in the
20 European area.

21 And the bottom line, advice from Jim Card,
22 my Dutch uncle, is the Coast Guard needs to change and

1 grow with the industry. We get it.

2 So there will be a report going to Congress
3 later on this week, early next week, generally
4 entitled -- this may not be the final title,
5 "Enhancing the Coast Guard Marine Safety Program."

6 Get your pens out. This should be 85
7 percent of what you're going to see, folks.

8 The Coast Guard's Marine Safety Program is
9 responsible for ensuring the safe operation and
10 navigation of some 20,000 U.S. and foreign flag
11 vessels. We conduct over 70,000 domestic vessel
12 inspections and 10,000 port state control examinations
13 each year to safeguard maritime commerce,
14 international trade and supply chain security.

15 We also conduct 14,000 casualty, suspension
16 and revocation civil penalty cases annually to
17 leverage the lessons learned and prevent future
18 maritime tragedies. These missions are accomplished
19 by a cadre of approximately 1,000 uniformed and civil
20 inspectors, investigators and port state control
21 officers stationed domestically and around the world.
22 They are carried out through a shared commitment with

1 industry to facilitate safe, secure and
2 environmentally sound maritime transportation.

3 The Coast Guard's responsibility to improve
4 marine safety service delivery is time critical given
5 growth trends in the maritime industry and the
6 increase for maritime safety services. Industry
7 growth and increased complexity over the last ten
8 years outpaced commensurate growth in the Coast Guard
9 Marine Safety Program, resulting in a performance gap.

10 For example, last year United
11 States -- seaports and seaport-related firms employed
12 over 8 million American citizens, providing nearly \$2
13 trillion dollars for our domestic economy.

14 From 2002 to 2005, U.S. port calls of large,
15 oceangoing merchant vessels, over 10,000 gross tons,
16 increased nearly 10 percent to over 61,000. Moreover,
17 in the last five years, the number of U.S. flag
18 passenger vessels increased by seven percent and
19 offshore oil industry vessel growth exceeded 35
20 percent. We recognize industry's perception that the
21 Marine Safety Program lacked sufficient capacity,
22 competency to be responsive, inclusive, accessible and

1 customer focused.

2 Projected growth areas for marine safety
3 include the following areas; new inspection
4 requirements for as many as 7,000 un-inspected towing
5 vessels, market-driven shifts in port activity due to
6 increased demand for such products as liquefied
7 natural gas, over 40 permits we are processing right
8 now; petroleum, dangerous cargos and containerized
9 freight.

10 Personal growth in maritime investigations
11 resulting from industry growth inevitable. Increased
12 demand for commercial fishing vessel examinations,
13 needed, including rule making in my view. This is an
14 industry that needs to be regulated -- continued
15 growth and requirements to publish implementing
16 regulations.

17 On 9/11 we had a backlog of rule making in
18 the Coast Guard of about 50 rules. Number 25 was
19 alternative tonnage. We now have over 90 rules that
20 are backlogged and alternative tonnage is number 50.
21 It's a relative -- place but losing ground.

22 An integrated Coast Guard approach to

1 safety, environmental protection and waterways
2 management and security thus ensures the long-term
3 success of the global maritime transportation system.

4 The goal in preventing or responding to major
5 maritime incidents, regardless of the cause, is the
6 same, to save lives, preserve property, protect the
7 environment and minimize disruption to the marine
8 transportation system.

9 The Coast Guard's operational model is
10 flexible, adaptive, efficient and capable of
11 succeeding with a myriad of maritime scenarios. Today
12 as in the past our safety, security and stewardship
13 program goals and authority are inextricably and
14 doctrinally linked in the Coast Guard.

15 Following the terrorist attacks of 9/11, our
16 longstanding industry partnerships were critical in
17 protecting the global maritime transportation system.

18 These partnerships remain vital today. We must
19 ensure resources match the growing demand for marine
20 safety services.

21 Our marine safety capacity and competencies
22 and effective engagement with stakeholders demands

1 senior leadership attention. It has mine.

2 We will improve marine safety program focus
3 and performance. I have directed the development of
4 strategy and action items that address three broad
5 areas of concern. The first one is to improve major
6 marine safety program capacity, competency and
7 performance. The second one is to enhance service
8 delivery to mariners and industry customers. The
9 third is expand outreach and advisory mechanisms for
10 industry and maritime communities.

11 I would like to cover the major actions that
12 I have directed or that are being taken in each of
13 these areas this afternoon, but let me add I intend to
14 accomplish much of this through policy, leadership
15 focus, outreach and redirection of base resources, but
16 I am not an alchemist.

17 Sooner or later there will have to be a
18 serious discussion regarding the additional resources
19 needed to effectively execute this mission. I will
20 not shrink from asking. The question is, will you
21 shrink from acting.

22 The first series of issues, improve marine

1 safety program capacity, competency and performance.

2 Number one, increase marine inspector and investigator
3 capacity. Based on staffing estimates the Coast Guard
4 requires significantly more marine inspectors, port
5 state control officers and investigators. We require
6 these full time positions to meet current and
7 anticipated growth in maritime commerce and expansion
8 of the regulated fleet.

9 Demand for inspection and investigation work
10 is increasing and capacity to match these demands must
11 be built and sustained as a result of growth factors,
12 such as a projected LNGs, ships, facilities and
13 thousands of towing vessel examinations, vessel
14 response plan reviews. We need to balance management
15 and oversight and regulatory development.

16 We also need to strengthen marine inspection
17 and investigation consistency by adding civilian
18 positions. We intend to significantly increase the
19 number of civilian inspectors and investigators.
20 Additional civilian inspector, port state control
21 officer positions and investigating officers will help
22 the Coast Guard retain expertise and geographic

1 specific competencies while ensuring long-term
2 continuity in critical mission areas.

3 We will distribute civilian positions
4 according to demand and to complement the military
5 workforce. Military personnel must continue to serve
6 as marine inspectors and investigators to ensure
7 innovation and garner requisite experience for future
8 program management and command responsibilities.

9 A blend of military and civilian personnel
10 is critical to building and sustaining consistency and
11 competency. We will also increase accessions from the
12 U.S. Merchant Marine Academy and maritime
13 institutions. The Coast Guard will strengthen
14 recruiting efforts at the maritime colleges through
15 additional liaison officers and by seeking
16 opportunities for Coast Guard officers to serve as
17 faculty at those institutions.

18 Maintaining and sustaining competency within
19 the marine safety program begins with recruitment and
20 accession of additional maritime professionals and
21 active partnerships with maritime educational
22 institutions.

1 We will strengthen marine safety career
2 paths. We will demonstrate the value the organization
3 places on the marine safety profession by revising
4 personnel management policies. These policies must
5 continue to ensure a viable career path to the most
6 senior ranks in the Coast Guard and the value, the
7 competencies of marine safety specialists.

8 These policies would include, but are not
9 limited to, direct commission programs, direction and
10 guidance to officer selection panels relating to the
11 need for specific marine safety specialties, increased
12 tour lengths, incentives to retain qualified
13 inspectors and investigators, institutional
14 recognition of the marine safety leadership positions
15 held in the field and continuation contracts for
16 officers possessing critical skills. We need to
17 recognize those who advanced from apprentice to
18 journeyman to expert marine safety professional
19 status. We will have a tiered professional ladder.

20 We will expand professional marine safety
21 training and education. We recently completed an
22 extensive review, update and field testing of marine

1 safety courses and qualifications material. The Coast
2 Guard will expand formal and informal training and
3 education opportunities to improve marine safety
4 competencies, skills and qualifications. These
5 programs will include additional resident educational
6 opportunities for the military and civilian marine
7 safety workforce and enhanced pipeline training for
8 field personnel to ensure better continuity and
9 consistency in service.

10 Through continuous evaluation we will ensure
11 training, education and qualification standards are
12 responsive to the dynamics of the marine
13 transportation system. A robust marine inspector and
14 investigator workforce also requires additional expert
15 field personnel to conduct unit training in order to
16 build and sustain critical competencies.

17 We will also expand opportunities for
18 maritime industry training. The Merchant Marine
19 industry training program is a model of industry
20 partnership and professional development. Therefore
21 the MMIT program will be expanded to include both
22 formal and informal assignments to maximize

1 interaction and experience.

2 We will adjust the MMIT to industries,
3 technological innovations, complexity and growth as a
4 means for the Coast Guard to better understand and
5 address emerging safety, security, stewardship and
6 economic issues.

7 The Coast Guard will engage industry, the
8 applicable legal and ethical guidelines to maximize
9 training opportunities and fully immerse participants
10 in industry operations. The Ship Rider and other
11 industry familiarization programs will be offered to a
12 larger group of marine safety professionals.

13 Finally we will enhance engineering capacity
14 for plan review, policy and standards development. We
15 will seek additional capacity and expertise for plan
16 review of vessels and facilities.

17 Increased technical capacity is needed to
18 address plan review of commercial, non-tank vessels,
19 marine firefighting and salvage, standards development
20 and vessel construction specialties at Coast Guard
21 headquarters and the marine safety center.

22 Increased growth and complexity in ship

1 design and construction, including high capacity fast
2 ferries, LNG ships, mega-container and cruise ships
3 and novel structural designs call for an innovative
4 and knowledgeable technical staff to develop guidance,
5 standards and policy.

6 As industry evolves so too does the demand
7 for our technical expertise. I'd like to move to the
8 second area, enhanced service delivery to mariners and
9 industry customers I mentioned earlier. We will
10 establish centers of excellence. We will pursue
11 resources to establish these centers to provide venues
12 for professional development and exchange between
13 industry and Coast Guard personnel.

14 The centers of excellence will focus on
15 specialized areas of industry to improve inspector
16 competencies and promote consistency across ports.
17 For example, a Coast Guard cruise ship center of
18 excellence in Miami exists today. It was created to
19 recognize and address the special cruise ship
20 complexity, industry growth and attendant risk.

21 Specialized vessel inspection approaches
22 were developed to improve inspector competency,

1 effectiveness and efficiency in nationwide cruise ship
2 inspections. Centers of excellence are appropriate
3 for existing industry sectors and projected growth
4 areas, including investigations, LNG ships, towing
5 vessels, fishing industry vessels and outer
6 continental shelf activity.

7 The centers of excellence will also provide
8 deployable casualty response and surge capacity. We
9 have been criticized in the past for either inspecting
10 the work we've already inspected or investigating what
11 our inspectors have already done. You will create the
12 capability to bring outside expertise in to do that
13 when this occurs.

14 We will improve information technology
15 systems. The Coast Guard will incorporate web-based
16 tools to improve access and the exchange of
17 information between industry and government, using
18 existing marine exchanges as a model. Such systems
19 provide real-time technology-based information to
20 capture and manage the maritime transportation system.

21 The Coast Guard will enhance web-based
22 portals for information sharing and lessons learned

1 between Coast Guard and field personnel and industry
2 and include Coast Guard office directorates and
3 contact methods. The Coast Guard will also provide
4 help desks and frequently asked questions to
5 facilitate transparency and to create standardization
6 among our OCMI/Captain of port zones.

7 We will increase rule-making capacity to
8 expedite regulatory implementation. The Coast Guard
9 will increase capacity to address current and
10 anticipated rule-making projects. Increased
11 rulemaking capacity requires additional support for
12 project management, rule-making development, economic
13 analysis, environmental analysis, technical writing
14 and administrative law capacity to ensure legal
15 sufficiency and the efficacy of implementing
16 regulations.

17 We will publish timely guidance to assist
18 regulated industry with implementation. To the extent
19 practicable the Coast Guard will prepare legislative
20 change proposals that minimize required rule-making
21 process time.

22

1 We need to improve mariner credentialing
2 through greater efficiency, transparency and capacity.

3 The National Maritime Center consolidation began in
4 2005, located in West Virginia. Recent
5 accomplishments include implementation of the mission
6 management system and reduction in cycle time by 25
7 percent since September 2006.

8 The following milestones will further
9 improve service delivery to the mariner; credentialing
10 help desk fully staffed by February 2008; online
11 self-help application tracking and payment options via
12 pay.gov; bulk application processing for academies,
13 schools and industry groups; issue of merchant mariner
14 licensing documents in less than one week and a
15 rebuild of our primary computer system to implement a
16 web-based processing procedure.

17 We anticipate the need for increased
18 resourcing of the National Maritime Center and
19 Regional Exam Centers to improve service delivery to
20 the mariner. We have to have a face in the ports.

21 Finally we'll expand outreach and advisory
22 mechanisms for industry and communities. We have

1 established an Assistant Commandant for Marine Safety,
2 Security and Stewardship that will be the single flag
3 officer to ensure vertical and horizontal alignment
4 throughout the Coast Guard and with federal and
5 international partners, while overseeing four
6 directorates.

7 A flag officer serving as a Director of
8 Prevention policy, a flag officer serving as the
9 Director of Response policy and SES serving as
10 Director of Assessment, Integration and Risk
11 Management and an SES serving as the Director of
12 Commercial Regulations and Standards.

13 Beyond policy development and program
14 management these senior officials will lead and
15 oversee the important work of numerous federal
16 advisory committees and industry partnerships. We
17 will establish an integrated counsel of maritime
18 advisors to the Commandant.

19 A Council of Maritime Advisors will inform
20 the Commandant of national maritime trends and issues
21 of concern. This council may be comprised of industry
22 leaders, governors, academics, former military and

1 government officials and media. We will exercise
2 leadership at international, national, regional, state
3 and local safety, security and environmental forums
4 and committees. We will commit the resources
5 necessary to lead, support and engage these committees
6 to collectively advance the shared goals of safety,
7 security and environmental stewardship.

8 These four also offer important
9 opportunities to shape regulatory initiatives and
10 develop non-regulatory solutions where appropriate.
11 We will incorporate customer engagement using quality
12 processes to elicit maritime input, as previously done
13 through the Prevention Through People program.

14 To conclude, the Coast Guard has established
15 a clear way ahead to enhance our Marine Safety
16 program. The proposed courses of action are
17 responsive to external stakeholders and overseers.
18 They're supportive of work in progress and other
19 ongoing initiatives.

20 I was getting ready to leave to come here
21 today and I got an email from a very senior Captain in
22 the Coast Guard. I thought I would read that because

1 I found out that once you make Admiral you have less
2 credibility.

3 (Laughter.)

4 ADM ALLEN: And when you become Commandant
5 it's a precipitous drop off the table. Plus, you
6 become intimidating.

7 And here is the quote. You would know this
8 guy if I mentioned his name, but I won't. He entitled
9 this paragraph, "A Fabric of Protection," and he said
10 on the side, "I don't think the phrase that safety and
11 security are two sides of the same coin is really
12 resonating with our stakeholders."

13 Here's what he told me. "The Coast Guard's
14 collection of safety, security and stewardship
15 missions are like a tightly knitted textile, valued
16 for its protective durability and light weight. The
17 Coast Guard fabric draws its strength from the
18 interlocking fibers of safety, security and
19 stewardship, all fastened closely and firmly together.

20 When the fabric is woven tight it provides
21 strength and support beyond the collective weight and
22 durability of the independent threads. Separate the

1 fibers and the fabric unravels, weakens and fails to
2 protect."

3 I'd be glad to take your questions.

4 (Applause.)

5 QUESTION: Admiral, can you speak about the
6 challenge of the Coast Guard supporting your client
7 expeditionary activities literally around the globe
8 today, from the Russian far east to the Persian Gulf?

9 ADM ALLEN: I can do that. I'd like to do
10 that in the context of what I call our force
11 structure, which I have referred to as a strategic
12 trident.

13 If you take a look at our collective
14 capacity in the Coast Guard we manage operations
15 through three forces, shore-based operations that are
16 geographically linked to areas of responsibility, and
17 those are done through sectors and how we've unified
18 all the different functions in the port under a single
19 command.

20 We have offshore patrol interdiction
21 long-leg forces that do missions out, high seas drift
22 net, Bering Sea patrols, and I would include

1 icebreakers in that. That's our long reach force that
2 we have in being.

3 The third that has just come into being this
4 year is our Deployable Operations Group. We have
5 taken everything that is deployable in the Coast
6 Guard, our environmental strike teams, our law
7 enforcement detachments, our tactical law enforcement
8 teams and our port security units, and have unified
9 them in the Deployable Operations Group, the DOG.

10 So that allows us to focus operations on
11 home to extend offshore and then to do expeditionary
12 or deployable operations when we need to do that.
13 Right now we currently have six patrol boats deployed
14 in the northern Arabian Gulf that are providing
15 protection to the oil platforms and entrances into the
16 port of Umm Qasr.

17 Some of you may not know this but about 95
18 percent of the GDP for Iraq is related to the safe and
19 effective operation of those oil platforms and the
20 port of Umm Qasr.

21 Most recently the new Deployable Operations
22 Group has showed its worth. We did the surge

1 operations for security purposes over the Washington
2 state ferry system in August and we actually force
3 packaged our Deployable Operations Group with TSA's
4 federal air marshals, behavioral detection officers
5 and some of their screening people and were able to go
6 onto individual ferries in a random fashion, provide a
7 Coast Guard escort with our marine safety and security
8 teams on board, non-uniform federal air marshals
9 circulating through the ferry system and behavioral
10 detection officers watching people walk on the
11 ferries. A very, very good operation.

12 Stood it up and did it in about a week,
13 executable with our new Deployable Operations Group as
14 a command element team with TSA. That is the way of
15 the future for the department.

16 QUESTION: Admiral, Cindy Brown, American
17 Shipbuilding Association.

18 Given some of the -- a lot of the press on
19 the national security cutter and the new border
20 program I wanted to know if you would just share with
21 us what your impression is. I know you visited and
22 been on the national security cutter, one. And two,

1 what your take is on that ship.

2 ADM ALLEN: Well, my take on the ship was
3 the same when we basically christened it last fall.
4 This will be the most capable cutter we have ever
5 produced and this will be the best first article we've
6 ever produced.

7 Notwithstanding what's been said in the
8 press we recently concluded consolidated contracting
9 action that puts the third national security cutter
10 under contract, institutionalizes any change we need
11 to meet the fatigue issues raised in oversight and
12 then our ability to migrate those changes back into
13 the first and second NSC hulls that are in various
14 stages of production.

15 And some of this work will have to be done
16 post delivery. Right now we are working through the
17 light offs of the plants and the censors leading up to
18 builder's trials and hopefully acceptance trials in
19 the January, February time frame.

20 To ensure complete independence and that we
21 are getting what we asked for the Coast Guard will not
22 conduct the acceptance trials on this ship. So it

1 will be the first time we've ever done that. We will
2 ask the Navy to provide us an INSERVE team, which is a
3 team they use to do ship acceptance, as a third party
4 to see if the requirements are met.

5 We think we have the baseline for the ships
6 down. Despite what you may have read in the papers
7 while we will have to spend some money to go back and
8 retrofit NSC hulls one and two, starting with NSC
9 four, with the structural changes already made, the
10 incremental costs per hull to achieve the fatigue life
11 we want for those ships is about \$5 million a hull.
12 That is not billions of dollars of cost overruns.

13 I am guardedly optimistic but we need to
14 really stay on top of this. The next real hurdle for
15 us is going to be the information assurance which
16 includes Tempest inspections and the certification and
17 accreditation associated with the sensor and IT
18 systems. You may remember there were a number of
19 issues raised on our 123-foot patrol boat conversion
20 in this area.

21 We got to make sure we get that right. That
22 is my number one risk item that I'm putting up there

1 to watch as we go through trials. Is that responsive?

2 QUESTION: Yes, very.

3 QUESTION: Admiral?

4 ADM ALLEN: Here and then there.

5 QUESTION: Admiral, when you turn your
6 report in to Congress that you spoke of, will it
7 include time lines and will it also include any
8 budgetary requirements that you see that you may need?

9 ADM ALLEN: I will include as much detail as
10 the system will allow.

11 ADM ALLEN: There are numbers associated
12 with it. You can't escape it. And we're going to
13 talk about it now. We're going to talk about it
14 later. You know, we've got x amount of Coast Guard
15 and do y amount of things. You want z amount? Give
16 me x plus x, all right.

17 QUESTION: Well, that's what I was getting
18 ready to ask you about. Any rough idea in terms of
19 rough idea, numbers -- in numbers?

20 I would expect that when you look at the
21 Coast Guard's entire budget, probably around \$7
22 billion or \$8 billion a year now the number, whatever

1 it is, the numbers are going to be incredibly small
2 compared to the whole budget.

3 ADM ALLEN: Well, if you look at the Marine
4 Safety Program, the fact that we're accomplishing what
5 I just described with 1,000 people; 1,500 or 2,000 is
6 a lot. It doesn't take much to have a significant
7 impact right away, and some of this we can accomplish
8 with reprogramming of base resources, but there's a
9 limit to what you can do. Because you're going to
10 take those resources from another program and I'll be
11 up here three years later talking about what we didn't
12 do in that program.

13 Again, we're not alchemists, and it's time
14 to have the discussion about how big the Coast Guard
15 should be. In my view, I'm ready to have the
16 discussion.

17 QUESTION: Admiral, after 9/11 your homeland
18 security mission was enhanced dramatically. How has
19 that affected a lot of your other issues, particularly
20 drug interdiction and the like? Are you concerned the
21 security mission has eclipsed some of your other key
22 missions?

1 ADM ALLEN: Well, I think that's a general
2 notion, and I would say there may have been some
3 changes at the margin but the base amount of resources
4 we've thrown at this has been about the same, been
5 about the same. The best example I can give you is
6 probably drug interdiction.

7 In 2005 we set a record. We seized 150 tons
8 of cocaine. That dropped to about 138 tons last year.

9 As of two weeks ago we broke the 2005 record this
10 year. We are approaching 160 tons of cocaine seized
11 this year, including a 20-ton seizure off of one
12 vessel.

13 Better intelligence, airborne use of force,
14 warning shots and disabling fire from helicopters and
15 effective maritime patrol aircraft, all of which are
16 going to be really dependent on recapitalizing through
17 the Deepwater program.

18 So we can do the mission. We can use
19 technology. But again, there's a limit to what we can
20 do. The problem is you can't transfer a tactical law
21 enforcement team on the deck of a Navy vessel off the
22 Galapagos seizing a boat as we did yesterday off the

1 coast of Ecuador, and you can't make them marine
2 inspectors.

3 There is a certain base amount of subject
4 matter expertise and capacity you have to have to have
5 a critical mass to operate a program. So while we are
6 multi-mission, not everything can flow back and forth
7 that easily.

8 And in certain cases, especially the marine
9 safety mission, continuity, competency, time in
10 service, time in grade and qualification have to be
11 respected going forward, as we do with duty standing
12 pilots.

13 We have a lot of officers that fly airplanes
14 clear to the Lieutenant Commander, Commander level and
15 are very competent to do that. That's all they want
16 to do. They don't aspire to be Admirals or run the
17 Coast Guard and they could have a really good 20-year
18 career. We need to take a look at the marine safety
19 community and figure out ways to keep these folks that
20 are effectively employed with the right subject matter
21 expertise in the Coast Guard.

22

1 Thank you very much.

2 (Applause.)

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